

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-09 FRB-01 INR-07 IO-10 NEA-10 NSAE-00 OPIC-06

SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 OMB-01 /079 W

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P 080905Z NOV 75

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 9147

UNCLAS SECTION 01 OF 02 OECD PARIS 29193

E.O. 11652: N/A

TAGS: AORG, AFIN, OECD

SUBJECT: 1976 OECD PROGRAM OF WORK AND BUDGET

REFS: (A) STATE 257610, (B) STATE 259539, (C) STATE
257374

1. BEGIN SUMMARY: DURING COUNCIL DISCUSSIONS NOVEMBER
4 SECRETARY-GENERAL MADE STRONG CASE FOR MAINTAINING
PROGRAM AND RELATED BUDGETARY COSTS PRESENTED IN
C(75)176 AS A BALANCED PROGRAM RESPONDING TO THE
DIRECTIVES AND GUIDANCE PROVIDED BY THE COUNCIL AT BOTH
MINISTERIAL AND OFFICIAL LEVEL. ALL DELEGATIONS EXPRE-
SSED GENERAL SUPPORT FOR 1976 PROGRAM AND FOR PROVIDING
INCREASED RESOURCES FOR PRIORITY WORK ON NON-INFLATION-
ARY GROWTH, NORTH/SOUTH DIALOGUE, COMMODITIES AND
GROWTH. ALTHOUGH THERE WAS LARGE MEASURE SUPPORT FOR
SCALING DOWN REQUESTS FOR INCREASES IN REAL TERMS, US
SOLE DELEGATION TO CALL CATEGORICALLY FOR ZERO GROWTH.
END SUMMARY.

2. US PRESSED POSITION OF ZERO GROWTH IN REAL TERMS AND
MADE STRONG CASE FOR CUTTING BACK REQUESTS FOR INCREASES,
AND FOR SEEKING CUTS ELSEWHERE IN BUDGET TO OFFSET
REQUESTS FOR NEW RESOURCES IN PRIORITY AREAS, CITING
SPECIFICALLY OUR OPPOSITION TO PROPOSED INCREASES IN
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ADMINISTRATION FOR POSITIONS, TRAINEES, AND TRAVEL AND

MAINTENANCE COSTS. FRANCE, GERMANY, UK, JAPAN AND MOST OTHER DELEGATIONS DID NOT RULE OUT SOME GROWTH IN REAL RESOURCES BUT FAVORED SEEKING SOME REDUCTIONS IN EXPENDITURE LEVEL BY A CAREFUL REVIEW OF PROPOSALS FOR INCREASES AND THE IDENTIFICATION OF ACTIVITIES THAT ARE NOT CENTRAL TO THE WORK OF THE ORGANIZATION THAT COULD BE REDUCED. (UK AND GERMANS HAVE INFORMALLY ADVISED MISSION THAT THEIR GOAL IS TO KEEP INCREASE IN REAL TERMS BELOW ONE PERCENT.) AUSTRALIAN AMBASSADOR (WHO IS NORMALLY AMONG MOST TIGHT-FISTED DELEGATES TO COUNCIL) MADE STATEMENT WHICH REFLECTED GENERAL MOOD OF COUNCIL. HE FELT THERE WAS AMPLE JUSTIFICATION FOR AN INCREASE IN REAL TERMS IN VIEW OF NEW AND IMPORTANT TASKS LEVIED ON ORGANIZATION BY GOVERNMENTS BUT THAT A PARTIAL REDUCTION OF THE INCREASE WAS POSSIBLE AND DESIRABLE.

3. TRANSFER OF FISHERIES AND TOURISM ACTIVITIES TO PART II BUDGET OPPOSED BY TRADITIONAL SUPPORTERS OF THESE ACTIVITIES AS WELL AS BY GERMANY, US AND JAPAN. ARGUMENTS MADE BY US AND OTHER DELEGATIONS AGAINST TRANSFERS WERE THAT PART I OECD PROGRAM WAS PROPER FORUM FOR EXAMINING SIGNIFICANT ECONOMIC POLICY ISSUES SUCH AS FISHERIES AND THAT VALUE OF WORK AND QUALITY OF STATISTICAL INFORMATION WOULD DECLINE IF TOURISM AND FISHERIES WERE SHIFTED TO PART II BUDGET. ONLY UK WELCOMED TRANSFER OF TOURISM AND FISHERIES ACTIVITIES TO PART II BUDGET AND SAW THIS AS THE FORERUNNER TO OTHER MOVES IN THE SAME DIRECTION. THEY DID NOT BELIEVE THE QUALITY OF WORK IN THESE AREAS WOULD BE AFFECTED AND FELT THAT TRANSFERS DID NOT IMPLY A DOWNGRADING IN IMPORTANCE.

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EA-09 FRB-01 INR-07 IO-10 NEA-10 NSAE-00 OPIC-06

SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 OMB-01 /079 W

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P 080905Z NOV 75
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4. SECRETARY-GENERAL REACTED SHARPLY TO US POSITION ON ZERO GROWTH IN PERIOD WHEN MEMBER COUNTRIES PRESSING FOR NEW AND EXPANDED WORK IN GENERALLY ACCEPTED PRIORITY AREAS. HE CLAIMED THAT PROPOSALS WERE COHERENT WHOLE THAT MADE PROVISION FOR NEW PRIORITY AREAS AND LONG OVERDUE AND NECESSARY MANAGEMENT IMPROVEMENTS. IN FACT NO SPECIFIC POSTS WERE REQUESTED FOR DEVELOPMENT ASPECT OF DIALOGUE AS PROVISION OF RESOURCES FOR THIS WORK COULD BE ACCOMPLISHED BY USE OF PROPOSED CONTINGENT FUND AND BY INTERNAL RESTRUCTURING WITHIN THE DEVELOPMENT AREAS OF THE ORGANIZATION. HE ARGUED THAT IT WAS FALLACIOUS TO LINK NATIONAL BUDGETARY POLICY TO THE OECD BUDGET SINCE THE FORMER IS AN ANTI-CYCLICAL TOOL. MOREOVER, THE FINANCIAL PROBLEMS FACED BY GOVERNMENTS ARE AMONG MAJOR REASONS GOVERNMENTS HAVE CALLED ON OECD CARRY OUT NEW PRIORITY WORK. ADDITIONALLY, THE OECD HAD ABSORBED FIVE STRAIGHT YEARS OF AUSTERE BUDGETS WHILE UNDERTAKING A CONSIDERABLE EXPANSION OF ACTIVITIES AND RESPONSIBILITIES.

5. FULL DISCUSSION OF 1976 PROGRAM OF WORK AND BUDGET IN EXECUTIVE COMMITTEE SCHEDULED FOR NOVEMBER 10 AND 12. MISSION HAS MADE A CAREFUL REVIEW OF THE 1976 BUDGET AND UNCLASSIFIED

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DOES NOT BELIEVE THAT MAJOR REDUCTIONS CAN BE MADE IN THE AREAS WHERE NEW RESOURCES ARE BEING REQUESTED EXCEPT FOR THE DENIAL OF THE REQUESTS FOR ADDITIONAL FUNDING FOR NEW POSITIONS AND FOR MAINTENANCE COSTS IN CHAPTER 13 (ADMINISTRATION). AFTER TWO SUCCESSIVE YEARS WHEN, AFTER EXCLUDING ENERGY, THERE HAS BEEN A NET DECREASE IN REAL RESOURCES, THE MISSION IS CONVINCED THERE ARE FEW OPPORTUNITIES FOR FINDING OFFSETS (ACCEPTABLE TO WASHINGTON AGENCIES AND OTHER DELEGATIONS) FOR THE NEW OR EXPANDED PRIORITY PROGRAMS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 08 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975OECDP29193
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750389-0235
From: OECD PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751162/aaaacdgs.tel
Line Count: 164
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE 257610, 75 STATE 259539
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2003 by ReddocGW>; APPROVED <23 FEB 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1976 OECD PROGRAM OF WORK AND BUDGET
TAGS: AORG, AFIN, OECD
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006